

Talking to Service Members About Large Purchases

Making a significant purchase — whether electronics, vacations, a vehicle or even a home — can be both exciting and nerve-wracking. By talking to service members about their purchasing plans, you can direct them to helpful resources and build their confidence to make the right decision.

A few quick tips to keep in mind:

- Consumer reviews and reports make researching large purchases easier than ever. Encourage service members to plan ahead before going shopping to avoid impulse buys.
- Financing unnecessary large expenses, like a luxury vehicle or an expensive vacation, can be warning signs of financial trouble.
- While financing may be unavoidable for certain purchases, it's important to be mindful of interest and fees. Other items, like a new TV, are best saved for and paid in full when purchased.
- Many large purchases come with additional expenses, like maintenance, insurance and monthly payments. Encourage service members to talk to a personal financial manager or counselor prior to a large purchase to fully understand the effect on their monthly spending plan.
- Caution service members about add-on or warranty services — they may be more affordable when covered by emergency funds over time — or may not be necessary at all.

How to Start the Conversation

- “What is the largest purchase you’ve ever made?”
- “Do you understand how interest works when financing a large purchase?”
- “What steps do you usually take to research a large purchase?”
- “What strategies do you use when saving up for something big?”
- “If you’re planning on taking out a [car/home] loan, have you considered how a monthly payment will affect your spending plan?”
- “How do you balance purchasing decisions for ‘needs’ versus ‘wants’?”

Resources

- The Office of Financial Readiness:
<https://finred.usalearning.gov/>
- “How to Avoid — or Break — the Debt Trap Cycle” article:
<https://finred.usalearning.gov/Money/DebtTraps>
- FINRA loan calculator:
<https://tools.finra.org/loan/>

Personal financial managers and counselors can help continue the conversation. Share this contact information for your local PFM or PFC:



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